



## Legislation Text

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Authorizing the Council Committee of the Whole to hold hearings on real estate taxation in Philadelphia and the potential of land-value taxation to encourage development and discourage blight creation in the city; and, further authorizing the Committee to seek advice and recommendations on real estate tax policy and land-value taxation from citizens, community groups, economists, academia, business executives, officials from other jurisdictions, and state legislative and executive branch officials.

WHEREAS, City Council is the body authorized by the City Charter to levy taxes and to legislatively determine the rates of such taxes; and

WHEREAS, City Council must be prepared to analyze, evaluate, and make decisions on future tax policy and its impact on the overall general fund budget, the delivery of city services, and the business climate of our City; and

WHEREAS, Despite moving from fiscal crisis to regular budgetary surpluses and after small-scale tax reductions, Philadelphia's population loss continued throughout the 1990's and Philadelphia has continuously lagged behind the nation, the Greater Philadelphia Region, and competitor cities in terms of economic development and economic growth; and

WHEREAS, Residential property owners across Philadelphia have seen their Real Estate Tax bills increased significantly as a result of the City's latest round of reevaluation of property values; and

WHEREAS, The current system of real estate taxation has been criticized for being regressive, confusing, and inequitable as well as for punishing those who invest in their properties with higher taxes while reducing taxes on property owners who allow their properties to decay; and

WHEREAS, Philadelphia has successfully used tax abatements on improvements to properties, which reduce short-term tax liabilities for property owners who meet certain criteria, to promote development in neighborhoods across the city; and

WHEREAS, Land-value taxation would create a permanent and universal tax abatement on improvements to properties for all Philadelphia property owners who maintain and improve their holdings; and

WHEREAS, Other jurisdictions have decreased the tax on buildings and increased the tax on land to encourage smart growth; and

WHEREAS, Other Pennsylvania cities such as Allentown and Harrisburg have experienced an increased number of building permits and an increase in the value of those permits in the years since those cities introduced land-value taxation; and

WHEREAS, The City Controller's Office's November 2001 *Tax Structure Analysis Report* recommended that the City decrease taxes on structures and increase taxes on land and found that such a change would reduce taxes on approximately 80 percent of residential property owners while encouraging

developing and discouraging speculation; and

WHEREAS, Land-value taxation's solid basis in economic theory has been endorsed by leading economists and Nobel Laureates, and is often associated with the writing of 19th-century Philadelphia-born economist Henry George; and

WHEREAS, Advocates for the environment promote land-value taxation since it encourages sustainable growth, advocates for low-income housing promote land-value taxation since it promotes an increased housing supply, and advocates for senior-citizens promote land-value taxation since it generally results in reduced housing costs for individuals on fixed income; and

WHEREAS, It is in the interest of this Council to promote initiatives to reverse of decades of population loss in Philadelphia, remove blight from communities, and transform neighborhoods across the city; now therefore

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Council Committee of the Whole be authorized to hold hearings on real estate taxation in Philadelphia and the potential of land-value taxation to encourage development and discourage blight creation in the city; and, further authorizing the Committee to seek advice and recommendations on real estate tax policy and land-value taxation from citizens, community groups, economists, academia, business executives, officials from other jurisdictions, and state legislative and executive branch officials.